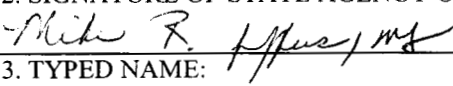



<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER:  2004-005(A)	2. STATE  ARKANSAS
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE  April 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  42 CFR 447, Subpart B		7. FEDERAL BUDGET IMPACT: a. FFY 2004 \$ 7,924,226.00 b. FFY 2005 \$15,274,706.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Please see attached listing		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Please see attached listing  <div style="text-align: right;">           (04-005(A))  <del>(04-005(A))</del>            Approved: 11/02/04            Effective: 04/01/04         </div>	
10. SUBJECT OF AMENDMENT:  Increase in the Medicaid reimbursement rate paid to physicians.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  		16. RETURN TO:  Division of Medical Services PO Box 1437, Slot S295 Little Rock, AR 72203-1437  Attention: Carolyn Patrick	
13. TYPED NAME: Mike R. Jeffus			
14. TITLE: Director, Division of Medical Services			
15. DATE SUBMITTED: April 1, 2004			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:  1 APRIL 2004		18. DATE APPROVED:  2 NOVEMBER 2004	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  1 APRIL 2004		20. SIGNATURE OF REGIONAL OFFICIAL:  	
21. TYPED NAME: ANDREW A. FREDRICKSON		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID & CHILDREN'S HEALTH	
23. REMARKS:			

**ATTACHED LISTING FOR  
ARKANSAS STATE PLAN  
TRANSMITTAL #2004-005A**

<b>8. Number of the Plan Section or Attachment</b>	<b>9. Number of the Superseded Plan Section or Attachment</b>
Attachment 4.19-B, Page 1c	Attachment 4.19-B, Page 1c Approved 12-07-01, TN 01-30
Attachment 4.19-B, Page 1cc	Attachment 4.19-B, Page 1cc Approved 12-07-01, TN 01-30
Attachment 4.19-B, Page 1ccc	None, New Page
Attachment 4.19-B, Page 1m	Attachment 4.19-B, Page 1m Approved 06-23-94, TN 94-04
Attachment 4.19-B, Page 1p	Attachment 4.19-B, Page 1p Approved 07-29-98, TN 98-07
Attachment 4.19-B, Page 1pp	None, New Page
Attachment 4.19-B, Page 1v	Attachment 4.19-B, Page 1v Approved 04-11-01, TN 01-09
Attachment 4.19-B, Page 2	Attachment 4.19-B, Page 2 Approved 06-23-94, TN 94-04
Attachment 4.19-B, Page 2a	Attachment 4.19-B, Page 2a Approved 02-12-01, TN 00-16
Attachment 4.19-B, Page 2aa	Attachment 4.19-B, Page 2aa Approved 06-04-04, TN 02-17
Attachment 4.19-B, Page 5	Attachment 4.19-B, Page 5 Approved 04-15-02, TN 02-09
Attachment 4.19-B, Page 6a	Attachment 4.19-B, Page 6a Approved 04-18-01, TN 01-03

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

3. Laboratory, X-ray Services and Other Tests

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed.

For hospital outpatient providers, reimbursement rates for services with a technical component are set at 66% of the Arkansas Physician's Blue Cross/Blue Shield (BC/BS) Fee Schedule dated October 1, 1993.

When medical professionals provide a service that is linked to a service with a technical component, reimbursement rates (payments) shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds subject to any other specific State Plan reimbursement requirements (Examples - \*Clinical Laboratory Services are reimbursed using a separate methodology. \*The nurse practitioner is reimbursed 80% of the physician rate for some identified services).

For dates of service occurring July 1, 1994 through March 31, 2004, reimbursement rates are set at 66% of the Arkansas Physician's Blue Cross/Blue Shield (BC/BS) Fee Schedule dated October 1, 1993.

For dates of service occurring April 1, 2004 and after:

- A. Reimbursement rates are increased by 10% up to a maximum or benchmark rate of 80% of the 2003 Arkansas Blue Cross/Blue Shield (BC/BS) fee schedule. For rates that as of March 31, 2004, are equal to or greater than 80% of the 2003 BC/BS fee schedule rate, no increase will be given. A minimum rate or floor amount of 45% of the 2003 BC/BS fee schedule rate will be reimbursed. For those rates that after the 10 % increase is applied are still less than the floor amount, an additional increase will be given to bring these rates up to the floor amount.
- B. Reimbursement rate maximums are capped at 100% of the 2003 BC/BS rate. Rates that as of March 31, 2004, exceed the cap shall be reduced in order to bring the rates in line with the cap by making four equal annual reductions beginning July 1, 2005.

- C. Adjustments to payment rates that are comprised of two components, e.g., a professional component and a technical services component, shall be calculated based on a combined payment rate that includes both components. After determining the increase or decrease applicable to the combined rate, the payment rate adjustment for each rate component shall be apportioned as follows:

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STATE ARKANSAS	
DATE RECD 4-1-04	
DATE APPEL 11-2-04	
DATE EFF 4-1-04	
HCFA 179	04-05(a)

Increases: If one component rate, either technical or professional, exceeds the cap, the entire increase shall be apportioned to the other component. If neither rate component exceeds the cap, the increase shall be applied in proportion to the component's ratio to the combined rate (i.e., if the technical component rate is 30% of the combined rate then 30% of the increase shall be applied to the technical component payment rate), up to the benchmark. Once a component rate is increased to the benchmark, any remaining increase shall be applied to the other component.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

3. Laboratory, X-ray Services and Other Tests (continued)

- (2) **Decreases:** If one component rate is at the floor, the entire decrease shall be apportioned to the other component. If one component rate is above the cap, the entire decrease shall be apportioned to that component. If both component rates are above the cap, each component shall be reduced to the cap.

(1) Clinical Laboratory Services

Effective for dates of service occurring February 1, 2002 and after, clinical lab services as identified by the Medicare Clinical Lab Fee Schedule, will be reimbursed at the lesser of the 2001 Medicare rate or the amount billed.

At the beginning of each calendar year, the State Agency will negotiate with the affected provider group representatives to arrive at mutually acceptable increases or decreases from the maximum rates. Market forces, such as Medicare and private insurance rates, medical and general inflation figures, changes in service's costs and changes in program requirements, will be considered during the negotiation process. Any agreed upon increases or decreases will be implemented at the beginning of the following State Fiscal Year, July 1, with any appropriate State Plan changes.

Codes deleted from future Medicare Clinical Lab Fee Schedules will also be removed from Medicaid reimbursable services. New codes added to the annual Medicare Clinical Lab Fee Schedule will be implemented at the current Medicare Clinical Lab Fee Schedule rate.

(2) Portable X-ray Services

The Title XIX (Medicaid) maximum for portable X-ray services shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds. Refer to Attachment 4.19-B, Item 3, for X-ray services reimbursement for physicians and other licensed practitioners.

At the beginning of each calendar year, the State Agency will negotiate with the affected provider group representatives to arrive at a mutually acceptable increase or decrease from the maximum rate. Market forces, such as private insurance rate, medical and general inflation figures, changes in practice costs and changes in program requirements, will be considered during the negotiation process. Any agreed upon increase or decrease will be implemented at the beginning of the following State Fiscal Year, July 1, with any appropriate State Plan changes.

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STATE <u>Arkansas</u>	A
DATE RECD <u>4-1-04</u>	
DATE APP'D <u>11-2-04</u>	
DATE EFF <u>4-1-04</u>	
HCFA 179 <u>04-05(a)</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 4.19-B  
Page 1ccc

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

3. Laboratory and X-ray Services and Other Tests (Continued)

(3) Chiropractor X-ray Services

Effective for dates of service on or after June 1, 1998, the Arkansas Medicaid maximum for an X-ray will be calculated by using the average of the 1997 Medicare Physician's Fee Schedule (participating fee) rates at 100% for the complete components for procedure codes 72010, 72040, 72050, 72070, 72100 and 72110; or such procedure codes implemented by Medicare, as the AMA (or it's successor) shall declare are the replacements for, and successor's thereto. The average rate will be established as the Medicaid maximum for procedure code Z1928 (Chiropractic X-ray), or such procedure code implemented by Arkansas Medicaid for the purpose of billing a Chiropractic X-ray.

Effective for dates of service on or after July 1 of each year, Arkansas Medicaid will apply an adjustment factor to the Medicaid maximum. To determine the adjustment factor a comparison between the previous and current year's Medicare rates will be made. The adjustment factor will be equal to the average adjustment made to the Medicare payment rates, for all of the above CPT radiology procedure codes, as reflected in the current Medicare Physician's Fee Schedule.

4.a. Nursing Facility Services (other than services in an institution for mental diseases) for individuals 21 Years of Age or Older - SEE ATTACHMENT 4.19-D

4.b. Early and Periodic Screening and Diagnosis of Individuals Under 21 Years of Age and Treatment of Conditions Found.

(1) Reimbursement for Child Health Services (EPSDT) is based on the lesser of the billed amount or the Title XIX (Medicaid) maximum.

SUPERSEDES: NONE - NEW PAGE

STATE <u>Arkansas</u>	A
DATE REC'D <u>4-1-04</u>	
DATE APP'D <u>11-2-04</u>	
DATE EFF <u>4-1-04</u>	
HCFA 179 <u>04-05(a)</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 4.19-B  
Page 1m

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

4.b. Early and Periodic Screening and Diagnosis of Individuals Under 21 Years of Age and Treatment of Conditions Found (Continued)

(10) Hearing Aid Dealers

Hearing aid vendors are reimbursed at 68% of retail price. Maintenance and repairs are reimbursed according to the lesser of the amount billed not to exceed a maximum of \$100.00 per repair/maintenance.

(11) Audiologist Services

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. The Title XIX (Medicaid) maximum for audiology services is 100% of the current physician Medicaid maximum.

At the beginning of each calendar year, the State Agency will negotiate with the affected provider group representatives to arrive at a mutually acceptable increase or decrease from the maximum rate. Market forces, such as private insurance rate, medical and general inflation figures, changes in practice costs and changes in program requirements, will be considered during the negotiation process. Any agreed upon increase or decrease will be implemented at the beginning of the following State Fiscal Year, July 1, with any appropriate State Plan changes.

(12) Hearing Aids

Reimbursement based on 68% of retail price.

ATTACHMENT 4.19-B: TN- 94-04

STATE <u>Arkansas</u>	A
DATE RECD. <u>1-1-04</u>	
DATE APPVD. <u>11-2-04</u>	
DATE EFF. <u>1-1-04</u>	
HCFA 179 <u>04-05(a)</u>	

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

4.b. Early and Periodic Screening and Diagnosis of Individuals Under 21 Years of Age and Treatment of Conditions Found (Continued)

(18) Dental Services

- (a) Reimbursement is based on the lesser of the amount billed or the Title XIX (Medicaid) maximum charge allowed.

For the following procedure codes, the Medicaid maximums were calculated using 80% of the 1992 Blue Shield Fee Schedule. Physician procedure codes utilized by dentists are reimbursed at 100% of the Medicare Physician Fee Schedule (Participating Fee) in effect at the beginning of the State Fiscal Year:

00471	07630
01525	07640
02710	07740
04220	09230

For the remaining preventive and restorative procedures, the Medicaid maximum was calculated using 95% of the 1997 Arkansas Blue Shield Dental Fee Schedule.

Orthodontia procedures are reimbursed at 70% of the 1995 Delta Dental Fee Schedule.

(b) Oral Surgeons

**Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. Reimbursement rates (payments) shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds.**

**For dates of service occurring July 1, 1994 through March 31, 2004, reimbursement rates are set at 66% of the Arkansas Physician's Blue Cross/Blue Shield (BC/BS) Fee Schedule dated October 1, 1993.**

**For dates of service occurring April 1, 2004 and after:**

- A. Reimbursement rates are increased by 10% up to a maximum or benchmark rate of 80% of the 2003 Arkansas Blue Cross/Blue Shield (BC/BS) fee schedule. For rates that as of March 31, 2004, are equal to or greater than 80% of the 2003 BC/BS fee schedule rate, no increase will be given. A minimum rate or floor amount of 45% of the 2003 BC/BS fee schedule rate will be reimbursed. For those rates that after the 10 % increase is applied are still less than the floor amount, an additional increase will be given to bring these rates up to the floor amount.

STATE	Arkansas	A
DATE RECD.	4-1-04	
DATE APPLD.	11-2-04	
DATE EFF.	4-1-04	
HCFA 179	04-05(a)	

CHIPS-TN 98-07

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

4.b. Early and Periodic Screening and Diagnosis of Individuals Under 21 Years of Age and Treatment of Conditions Found (Continued)

- B. Reimbursement rates are capped at 100% of the 2003 BC/BS rate. Rates that as of March 31, 2004, exceed the cap shall be reduced in order to bring the rates in line with the cap by making four equal annual reductions beginning July 1, 2005.
- C. Adjustments to payment rates that are comprised of two components, e.g., a professional component and a technical services component, shall be calculated based on a combined payment rate that includes both components. After determining the increase or decrease applicable to the combined rate, the payment rate adjustment for each rate component shall be apportioned as follows:
- (1) Increases: If one component rate, either technical or professional, exceeds the cap, the entire increase shall be apportioned to the other component. If neither rate component exceeds the cap, the increase shall be applied in proportion to the component's ratio to the combined rate (i.e., if the technical component rate is 30% of the combined rate then 30% of the increase shall be applied to the technical component payment rate), up to the benchmark. Once a component rate is increased to the benchmark, any remaining increase shall be applied to the other component.
  - (2) Decreases: If one component rate, either technical or professional, is at the floor, the entire decrease shall be apportioned to the other component. If one component rate is above the cap, the entire decrease shall be apportioned to that component. If both component rates are above the cap, each component shall be reduced to the cap.

SUPERSEDES: NONE - NEW PAGE

STATE	Arkansas	A
DATE RECD	4-1-04	
DATE APPEAL	11-2-04	
DATE EFF	4-1-04	
HCFA 179	04-05(a)	



METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

4.c. Family Planning Services

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. The Title XIX (Medicaid) maximum for Family Planning services is 100% of the current physician Medicaid maximum.

At the beginning of each calendar year, the State Agency will negotiate with the affected provider group representatives to arrive at a mutually acceptable increase or decrease from the maximum rate. Market forces, such as private insurance rate, medical and general inflation figures, changes in practice costs and changes in program requirements, will be considered during the negotiation process. Any agreed upon increase or decrease will be implemented at the beginning of the following State Fiscal Year, July 1, with any appropriate State Plan changes.

CHANGES: TNL 01-09

STATE <u>Arkansas</u>	A
DATE REC'D <u>4-1-04</u>	
DATE APP'D <u>11-2-04</u>	
DATE EFF <u>4-1-04</u>	
HCFA 179 <u>04-05(a)</u>	

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

5. Physicians' Services

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. Reimbursement rates (payments) shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds.

For dates of service occurring July 1, 1994 through March 31, 2004, reimbursement rates are set at 66% of the Arkansas Physician's Blue Cross/Blue Shield (BC/BS) Fee Schedule dated October 1, 1993.

For dates of service occurring April 1, 2004 and after:

- A. Reimbursement rates are increased by 10% up to a maximum or benchmark rate of 80% of the 2003 Arkansas Blue Cross/Blue Shield (BC/BS) fee schedule. For rates that as of March 31, 2004, are equal to or greater than 80% of the 2003 BC/BS fee schedule rate, no increase will be given. A minimum rate or floor amount of 45% of the 2003 BC/BS fee schedule rate will be reimbursed. For those rates that after the 10 % increase is applied are still less than the floor amount, an additional increase will be given to bring these rates up to the floor amount.
- B. Reimbursement rates are capped at 100% of the 2003 BC/BS rate. Rates that as of March 31, 2004, exceed the cap shall be reduced in order to bring the rates in line with the cap by making four equal annual reductions beginning July 1, 2005.
- C. Adjustments to payment rates that are comprised of two components, e.g., a professional component and a technical services component, shall be calculated based on a combined payment rate that includes both components. After determining the increase or decrease applicable to the combined rate, the payment rate adjustment for each rate component shall be apportioned as follows:
- (1) Increases: If one component rate, either technical or professional, exceeds the cap, the entire increase shall be apportioned to the other component. If neither rate component exceeds the cap, the increase shall be applied in proportion to the component's ratio to the combined rate (i.e., if the technical component rate is 30% of the combined rate then 30% of the increase shall be applied to the technical component payment rate), up to the benchmark. Once a component rate is increased to the benchmark, any remaining increase shall be applied to the other component.
- (2) Decreases: If one component rate, either technical or professional, is at the floor, the entire decrease shall be apportioned to the other component. If one component rate is above the cap, the entire decrease shall be apportioned to that component. If both component rates are above the cap, each component shall be reduced to the cap.

SUPPLIES IN 94-04

STATE <u>Arkansas</u>	A
DATE REC'D <u>4-1-04</u>	
DATE APP'D <u>11-2-04</u>	
DATE EFF <u>4-1-04</u>	
HCFA 179 <u>04-05(a)</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 4.19-B  
Page 2a

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

5. Physicians' Services (continued)

Payment is made directly to the physician or, upon request of the physician, payment is made under the Deferred Compensation Plan.

Reimbursement for physicians' services for heart, liver, bone marrow, single lung and skin transplants is included in the \$150,000 maximum as described in Attachment 4.19-A, page 3, of the State Plan. Procedures will be manually priced based on professional medical review. The recipient may not be billed for Medicaid covered charges in excess of the State's reimbursement.

Participation in the Deferred Compensation Plan by a physician is entirely voluntary. The individual physician's authorization and consent is on file. The physician submits his claim in the usual manner, and after verification, the appropriate amount due the physician is deposited in an account administered by First Variable Life Insurance Company or The Variable Annuity Life Insurance Company up to the maximum amounts allowed by the Revenue Act of 1978. Each account in the investment funds is individualized as to each physician participating. Arkansas Division of Medical Services has no responsibility for management or investment of these funds. Federal matching is not claimed for any part of the administration of the Plan. This is a service designed to increase the number of participating physicians in the Medical Assistance Program.

Desensitization injections - Refer to Attachment 4.19-B, 4.b. (15).

STATE <u>Arkansas</u>	A
DATE RECD <u>1-1-04</u>	
DATE APPROV <u>11-2-04</u>	
DATE EFF <u>4-1-04</u>	
HCFA 179 <u>04-05(a)</u>	

11-2-04 TN 00-16

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2004

6. Medical Care and any other type of remedial care recognized under State Law, furnished by licensed practitioners with the scope of their practice as defined by State Law.

a. Podiatrists' Services

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. Reimbursement rates (payments) shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds.

For dates of service occurring July 1, 1994 through March 31, 2004, reimbursement rates are set at 66% of the Arkansas Physician's Blue Cross/Blue Shield (BC/BS) Fee Schedule dated October 1, 1993.

For dates of service occurring April 1, 2004 and after:

- A. Reimbursement rates are increased by 10% up to a maximum or benchmark rate of 80% of the 2003 Arkansas Blue Cross/Blue Shield (BC/BS) fee schedule. For rates that as of March 31, 2004, are equal to or greater than 80% of the 2003 BC/BS fee schedule rate, no increase will be given. A minimum rate or floor amount of 45% of the 2003 BC/BS fee schedule rate will be reimbursed. For those rates that after the 10 % increase is applied are still less than the floor amount, an additional increase will be given to bring these rates up to the floor amount.
- B. Reimbursement rates are capped at 100% of the 2003 BC/BS rate. Rates that as of March 31, 2004, exceed the cap shall be reduced in order to bring the rates in line with the cap by making four equal annual reductions beginning July 1, 2005.
- C. Adjustments to payment rates that are comprised of two components, e.g., a professional component and a technical services component, shall be calculated based on a combined payment rate that includes both components. After determining the increase or decrease applicable to the combined rate, the payment rate adjustment for each rate component shall be apportioned as follows:

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STATE	Arkansas	DATE	4-1-04	
DATE		DATE	11-2-04	
DATE		DATE	4-1-04	
HCFA 179			04-05(a)	

- (1) Increases: If one component rate, either technical or professional, exceeds the cap, the entire increase shall be apportioned to the other component. If neither rate component exceeds the cap, the increase shall be applied in proportion to the component's ratio to the combined rate (i.e., if the technical component rate is 30% of the combined rate then 30% of the increase shall be applied to the technical component payment rate), up to the benchmark. Once a component rate is increased to the benchmark, any remaining increase shall be applied to the other component.
- (2) Decreases: If one component rate, either technical or professional, is at the floor, the entire decrease shall be apportioned to the other component. If one component rate is above the cap, the entire decrease shall be apportioned to that component. If both component rates are above the cap, each component shall be reduced to the cap.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 4.19-B  
Page-5

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised: April 1, 2002

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist (Continued)

d. Eyeglasses

Negotiated statewide contract bid.

RECEIVEDS: TN 02-09

13. Other diagnostic, screening, preventive and rehabilitative services, i.e., other than those provided elsewhere in this plan. (Continued)

- a. Diagnostic Services - Not provided.  
b. Screening Services - Not provided.  
c. Preventive Services - Not provided.  
d. Rehabilitative Services

STATE	Arkansas	A
RECEIVED	4-1-04	
APPROVED	11-2-04	
EFFECTIVE	4-1-04	
FA 178	04-05(a)	

1. Rehabilitative Services for Persons with Mental Illness

Reimbursement is based on the lower of the amount billed or the Title XIX (Medicaid) maximum allowable.

The Title XIX maximum was established based on a survey by the Division of Mental Health of the usual and customary charges used by community based programs. Rates include the professional and administrative components.

For acute outpatient services and acute day treatment previously found in the Mental Health Clinic option, reimbursement is based on the lower of: (a) the provider's actual charge for the services or (b) the allowable fee from the State's fee schedule based on average cost. The average cost of each mental health service was calculated based on 1978 cost data. A 20 per cent inflation factor was applied to arrive at the "fee schedule" rate.

Effective April 1, 1988, reimbursement rates were increased 78% to reflect rates comparable to those charges found in the private sector for comparable mental health services. Effective July 1, 1991, a 20% increase was applied.

Effective for dates of service on or after December 1, 2001, reimbursement for inpatient visits in acute care hospitals by board certified psychiatrists is based on 66% of the Physician's Blue Shield Fee Schedule dated October 1, 1993.

**Effective for dates of service on or after April 1, 2004, reimbursement rates (payments) for inpatient visits in acute care hospitals by board certified psychiatrists shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds. Refer to Attachment 4.19-B, Item 5, for physician reimbursement.**

Effective for claims with dates of service on or after March 1, 2002, Arkansas State Operated Teaching Hospital psychiatric clinics that are not part of a hospital outpatient department shall be reimbursed based on reasonable costs with interim payments and a year-end cost settlement. The lesser of reasonable costs or customary charges will be used to establish cost settlements. **Medical professionals affiliated with UAMS are not eligible for additional reimbursement for services provided in these clinics.**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 4.19-B  
Page 6a

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
OTHER TYPES OF CARE

Revised:

April 1, 2004

16. Inpatient Psychiatric Facility Services For Individuals Under 22 Years of Age (Continued)

Sexual Offender Programs (continued)

New providers are required to submit a full year's annual budget for the current State Fiscal Year (July 1<sup>st</sup> through June 30<sup>th</sup>) at the time of enrollment if no cost report is available. This annual budget is used to set their interim rate at the lesser of the budgeted allowable cost per day or the upper limit (cap).

Year end cost reports must be submitted and will be audited in the same manner as audits for inpatient psychiatric hospital Residential Treatment Units (RTUs) and will be cost settled.

Interim rates and cost settlements are calculated using the same methodology as inpatient residential treatment units with the same professional component cap and the same annual State Fiscal year per diem cap.

17. Nurse Midwife Services

Reimbursement is based on the lesser of the amount billed or the Title XIX (Medicaid) maximum. The Title XIX Maximum for nurse-midwife services is 80% of the current physician Medicaid Maximum. Rhogam RhoD Immune Globulin is reimbursed at the same rate as the physician's rate since the cost and administration of the drug does not vary between the nurse midwife and physician.

WILLIAMS-TN 01-03

STATE <u>Arkansas</u>	A
DATE RECD <u>4-1-04</u>	
DATE APPROV <u>11-2-04</u>	
DATE EFF <u>4-1-04</u>	
HCFA 179 <u>04-05(a)</u>	